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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

BRADLEY COOPER, Individually and On Behalf of All Others Similarly Situated, Plaintiffs, v. THORATEC CORPORATION, GERHARD F. BURBACH, TAYLOR C. HARRIS, and ROXANNE OULMAN, Defendants.	Case No. **CLASS ACTION** **COMPLAINT FOR VIOLATIONS OF FEDERAL SECURITIES LAWS** **DEMAND FOR JURY TRIAL**

CLASS ACTION COMPLAINT

Plaintiff Bradley Cooper ("Plaintiff"), individually and on behalf of all other persons similarly situated, by his undersigned attorneys, for his complaint against defendants, alleges the following based upon personal knowledge as to himself and his own acts, and information and belief as to all other matters, based upon, *inter alia*, the investigation conducted by and through his attorneys, which included, among other things, a review of the defendants' public documents, conference calls and announcements made by defendants, United States Securities and Exchange Commission ("SEC") filings, wire and press releases published by and regarding Thoratec Corporation ("Thoratec" or the "Company"), analysts' reports and advisories about the Company, and information readily obtainable on the Internet.

NATURE OF THE ACTION

1. This is a federal securities class action on behalf of a class consisting of all persons other than defendants who purchased Thoratec securities between April 29, 2010 and November 27, 2013, inclusive (the "Class Period"), seeking to recover damages caused by defendants' violations of the federal securities laws and to pursue remedies under the Securities Exchange Act of 1934 (the "Exchange Act").

2. Thoratec researches, develops, manufactures, and markets medical devices for circulatory support and vascular graft applications. The Company's products include a ventricular assist device, an implantable left ventricular heart assist device, a vascular access graft, and a coronary artery bypass graft. Thoratec also supplies whole-blood coagulation testing equipment.

3. Throughout the Class Period, Defendants failed to disclose that the Company's HeartMate II Left Ventricular Assist Device had significant risk of pump thrombosis, causing numerous fatalities. As a result of the foregoing, the Company's statements were materially false and misleading at all relevant times.

4. The truth slowly emerged over several months, that the Company's products were in fact not as safe as conveyed to investors and the medical community, and in fact caused severed adverse events such as blood clots.

5. On April 4, 2012, U.S. regulators ordered a recall for the company's HeartMate II heart pumps for a potentially deadly defect. In a regulatory posting by the Food and Drug Administration, the agency stated that the recall "was initiated after Thoratec found that a component of the implanted device, which pumps blood for heart failure patients, may sometimes be improperly attached to the HeartMate II."

6. In a note to investors, analyst Steven Lichtman, at Oppenheimer & Co in New York wrote that, "the positioning of the component, called a bend relief, has been a concern tied to an increase in blood clots seen with HeartMate II."

7. On the news, shares of Thoratec shares tumbled $1.52 or almost 4.5% to close at $32.83 on volume of 5,441,400 shares.

8. Then, on November 27, 2013, after the market closed, The New England Journal of Medicine released a study entitled, "Unexpected Abrupt Increase in Left Ventricular Assist Device Thrombosis" concluding that the "rate of pump thrombosis related to the use of the HeartMate II has been increasing at our centers and is associated with substantial morbidity and mortality."

9. On this news, Thoratec shares declined $2.75 per share or 6.5%, to close at $39.37 per share on November 29, 2013.

10. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's securities, Plaintiff and other Class members have suffered significant damages.

JURISDICTION AND VENUE

11. The claims asserted herein arise under and pursuant to Sections l0(b) and 20(a) of the Exchange Act, 15 U.S.C. §§ 78j(b) and 78t(a), and Rule l0b-5 promulgated thereunder by the SEC, 17 C.F.R § 240.10b-5.

12. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. §§ 1331 and 1337, and Section 27 of the Exchange Act, 15 U.S.C. § 78aa.

13. Venue is proper in this District pursuant to Section 27 of the Exchange Act, and 28 U.S.C. § 1391(b). Thoratec maintains its principal place of business in this District and many of the acts and practices complained of occurred in substantial part herein.

14. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

PARTIES

15. Plaintiff, as set forth in the accompanying certification, incorporated by reference herein, purchased Thoratec securities at artificially inflated prices during the Class Period and was damaged by the revelation of the alleged corrective disclosures.

16. Defendant Thoratec is a California corporation with its principal place of business at 6035 Stoneridge Drive, Pleasanton, CA 94588. Thoratec's common stock trades on the NASDAQ Global Market ("NASDAQ") under the ticker symbol "THOR."

17. Defendant Gerhard F. Burbach ("Burbach") has served at all relevant times as the Company's President and Chief Executive Officer.

18. Defendant Taylor C. Harris ("Harris") has served at all relevant times as the Company's Chief Financial Officer and Vice President since October 11, 2012.

19. Defendant Roxanne Oulman ("Oulman") has served at all relevant times as the Company's Vice President of Finance, served as the Company's interim Chief Financial Officer between June 2011 and October 2012.

20. The defendants referenced above in ¶¶ 13 - 15 are referred to herein as the "Individual Defendants."

SUBSTANTIVE ALLEGATIONS

BACKGROUND

21. Thoratec is a world leader in mechanical support with a product portfolio to treat the full range of clinical needs for advanced heart failure patients. The Company develops, manufactures and markets proprietary medical devices used for mechanical circulatory support ("MCS") for the treatment of heart failure ("HF") patients. For chronic circulatory support for HF patients, the Company's primary product lines are its ventricular assist devices include HeartMate Left Ventricular Assist System and HeartMate II Left Ventricular Assist System ("HeartMate II").

22. HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device consisting of a rotary blood pump designed to provide intermediate and long-term MCS. HeartMate II is designed to improve survival and quality of life for a broad range of advanced HF patients. HeartMate II received Food and Drug Administration ("FDA") approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation in January 2010.

MATERIALLY FALSE AND MISLEADING STATEMENTS MADE DURING THE CLASS PERIOD

23. On April 29, 2010, the Company issued a press release reporting financial results for the first quarter ended April 3, 2010. Specifically, the Company reported net income of $12.4 million, or $0.21 diluted EPS and sales of $121.6 million, as compared to net income of $5.6 million, or $0.10 diluted EPS and sales of $89.5 million for the same period a year ago.

24. In the press release, the Company stated the following in relevant part:

> "Thoratec had an excellent start to 2010 as we initiated the commercial launch of our HeartMate II LVAS (Left Ventricular Assist System) for Destination Therapy (DT) following the receipt of FDA approval of our PreMarket Application (PMA) Supplement in January," noted Gary F. Burbach, president and chief executive officer.
>
> "Our DT launch initiatives have enabled us to achieve rapid traction in the market. Our financial performance in the quarter reflects not only the benefit of initial DT commercial activity in the U.S., but also continued adoption of the HeartMate II in Europe and our new HeartMate external peripherals introduced last fall. We also continued to add new HeartMate II centers, both in North America and Europe," he added. "In addition, we continue to see the benefits of our clinical training and educational programs as evidenced by the positive patient outcomes portrayed in a number of recent journal articles and presentations at leading medical meetings," he continued.

25. On May 5, 2010, the Company filed a quarterly report with the SEC on a Form 10-Q for the first quarter ended April 3, 2010 which was signed by Defendants Burbach and Oulman. In addition, the Form 10-Q contained certifications pursuant to SOX signed by Defendants Burbach and Oulman, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

26. The 10-Q represented the following in relevant part concerning HeartMate II:

> The HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device consisting of a miniature rotary blood pump designed to provide intermediate and long-term MCS. The HeartMate II is designed to improve survival and quality of life and to provide five to ten years of circulatory support for a broad range of advanced HF patients. Significantly smaller than the HeartMate XVE and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices. Effective January 20, 2010, the HeartMate II can be used in patients with New York Heart Association Class IIIB and IV end-stage left ventricular failure who have received optimal medical therapy for at least forty-five of the last sixty days, and who are not candidates for cardiac transplantation.
>
> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, the HeartMate II received CE Mark approval, allowing for its commercial sale in Europe. In May 2009, the HeartMate II was approved in Canada.
>
> During the third quarter of 2009 we launched our new HeartMate external peripherals (GoGear), including new batteries, charger and power module, which are designed to

provide an enhanced quality of life for HeartMate patients by providing them more freedom and mobility and the ability to more easily resume many aspects of a normal lifestyle.

27. On July 29, 2010, the Company issued a press release reporting financial results for the second quarter ended July 3, 2010. Specifically, the Company reported net income of $17.5 million, or $0.29 diluted EPS and sales of $95.1 million, as compared to net income of $2.9 million, or $0.05 diluted EPS and sales of $69.2 million for the same period a year ago.

28. In the press release, the Company stated the following in relevant part:

"As has been the case over the past several quarters, our financial performance was driven by continued adoption of the HeartMate® II LVAS (Left Ventricular Assist System) for Bridge-to-Transplantation (BTT) and Destination Therapy (DT) in both North America and international markets. This reflects the value of our market development and clinical support programs, which are facilitating both adoption and continued positive patient outcomes with the device," said Gary F. Burbach, president and chief executive officer of Thoratec.

"We ended the quarter with 232 HeartMate II centers globally, an increase of 21 centers in the first half of 2010. In addition, 159 centers worldwide are now using our new HeartMate peripherals, which are providing important quality of life improvements to patients as well as incremental revenue growth," he added.

Burbach said the company is continuing to increase its penetration of international markets. "During the first half of 2010, we had strong growth in Europe, as evidenced by our revenue performance as well as the addition of new centers. In addition, we achieved several important milestones in the Asia Pacific region. In conjunction with our local partner Nipro, we completed enrollment in the six-patient confirmatory trial for the HeartMate II in Japan. We and Nipro expect to file for regulatory approval in the early part of 2011, with approval expected in early 2012. In addition, the regulatory authorities in both Australia and Taiwan approved the HeartMate II for commercial use during the second quarter.

"As we continue to deliver solid financial results, we are also executing on our strategy to achieve longer-term growth," Burbach said. "We are making significant progress in the development of our HeartMate II platform enhancements that are designed to improve the HeartMate II patient experience and further strengthen our competitive leadership in the market. We are also strengthening our efforts to drive awareness of the therapy among referring clinicians and patients as well as to support our hospital customers as they treat and manage increasing numbers of patients," he noted.

29. On August 10, 2010, the Company filed a quarterly report with the SEC on a Form 10-Q for the second quarter ended July 3, 2012 which was signed by Defendants Burbach and Oulman. In addition, the Form 10-Q contained certifications pursuant to SOX signed by Defendants Burbach and Oulman, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

30. The 10-Q represented the following in relevant part concerning HeartMate II:

> The HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device consisting of a miniature rotary blood pump designed to provide intermediate and long-term MCS. The HeartMate II is designed to improve survival and quality of life and to provide five to ten years of circulatory support for a broad range of advanced HF patients. Significantly smaller than the HeartMate XVE and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices. Effective January 20, 2010, the HeartMate II can be used in patients with New York Heart Association Class IIIB and IV end-stage left ventricular failure who have received optimal medical therapy for at least forty-five of the last sixty days, and who are not candidates for cardiac transplantation.
>
> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, the HeartMate II received CE Mark approval, allowing for its commercial sale in Europe. In May 2009, the HeartMate II was approved in Canada.
>
> During the third quarter of 2009 we launched our new HeartMate external peripherals (Go Gear), including new batteries, charger and power module, which are designed to provide an enhanced quality of life for HeartMate patients by providing them more freedom and mobility and the ability to more easily resume many aspects of a normal lifestyle.

31. On November 1, 2010, the Company issued a press release reporting financial results for the third quarter ended October 2, 2010. Specifically, the Company reported net income of $15.5 million, or $0.26 diluted EPS and sales of $91 million, as compared to net income of $11.8 million, or $0.20 diluted EPS and sales of $65.1 million for the same period a year ago.

32. In the press release, the Company stated the following in relevant part:

> "Our top line performance was driven by the continued worldwide adoption of the HeartMate II® LVAS (Left Ventricular Assist System) for Bridge-to-Transplantation

> (BTT) and Destination Therapy (DT). At the same time, we continued to achieve solid operating leverage as reflected by our earnings performance."
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> Burbach noted that the FDA has approved a label change for the HeartMate II incorporating the data from the company's BTT post-approval study that showed survival of 90 percent at six months and 85 percent at one year. "The outcomes from this study also reflected continued improvements in several important adverse event categories among HeartMate II patients, including zero device replacements and lower reported rates of bleeding, stroke and right heart failure," he commented.
>
> "In addition, we continue to see the release of favorable HeartMate II data in key scientific meetings and publications and are looking forward to a number of important HeartMate II data presentations at next month's Scientific Sessions of the American Heart Association meeting—including outcomes from DT Continued Access Protocol patients, updated cost effectiveness analysis and outcomes for New York Heart Association Class IIIB patients."

33. On November 4, 2010, the Company filed a quarterly report with the SEC on a Form 10-Q for the third quarter ended October 2, 2012 which was signed by Defendants Burbach and Harris. In addition, the Form 10-Q contained certifications pursuant to SOX signed by Defendants Burbach and Harris, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

34. The 10-Q represented the following in relevant part concerning HeartMate II:

> The HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device consisting of a miniature rotary blood pump designed to provide intermediate and long-term MCS. The HeartMate II is designed to improve survival and quality of life and to provide five to ten years of circulatory support for a broad range of advanced HF patients. Significantly smaller than the HeartMate XVE and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices. Effective January 20, 2010, the HeartMate II can be used in patients with New York Heart Association Class IIIB and IV end-stage left ventricular failure who have received optimal medical therapy for at least forty-five of the last sixty days, and who are not candidates for cardiac transplantation.
>
> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, the HeartMate II received CE Mark approval, allowing for its commercial sale in Europe. In May 2009, the HeartMate II was approved in Canada.

> During the third quarter of 2009 we launched our new HeartMate external peripherals (Go Gear), including new batteries, charger and power module, which are designed to provide an enhanced quality of life for HeartMate patients by providing them more freedom and mobility and the ability to more easily resume many aspects of a normal lifestyle.

35. On January 27, 2011, after the market closed, the Company issued a press release reporting financial results for the fourth quarter and year ended January 1, 2011. For the quarter, the Company reported net income of $12.62 million, or $0.21 diluted earnings per share ("EPS") and sales of $97.6 million, as compared to net income of $8.07 million, or $0.14 diluted EPS and sales of $81 million for the same period a year ago. For the year, the Company reported net income of $53.17 million, or $.89 diluted EPS and sales of $383 million, as compared to net income of $28.6 million, or $0.49 diluted EPS and sales of $280 million for the same period a year ago.

36. In the press release, the Company stated the following in relevant part:

> "This past year was marked by many successes, including FDA approval and launch of the HeartMate II® LVAS (Left Ventricular Assist System) for the Destination Therapy (DT) indication, continued improvements in clinical data in both the Bridge-to-Transplantation (BTT) and DT patient populations, and an impressive financial performance. We have also implemented a broad range of initiatives designed to further develop the market and advance our leadership position," said Gary F. Burbach, president and chief executive officer.
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> "Our financial performance for the year was driven by strong continued adoption of the HeartMate II for DT and BTT in both North America and Europe, and we realized solid operating leverage as evidenced by our earnings growth," he noted.
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> The company indicated that it ended 2010 with 254 HeartMate II centers globally, an increase of 43 centers during the year, with 211 centers worldwide now utilizing its new HeartMate peripherals, which are providing important quality of life benefits to patients and generating incremental revenue growth. In addition, there are now 90 centers with CMS (Centers for Medicare and Medicaid Services) certification for reimbursement for DT.
>
> "As we begin 2011, we have a solid foundation upon which to build our business, and with our market development initiatives to drive referrals from cardiologists, facilitate center expansion, increase our international presence and realize continued improvements in patient outcomes, we are optimistic about our ability to achieve significant long-term growth," Burbach commented."

37. On February 23, 2011, the Company filed an annual report with the SEC on a Form 10-K for the year ended January 1, 2011 which was signed by, among others, Defendants Burbach and Oulman. In addition, the Form 10-K contained certifications pursuant to SOX signed by Defendants Burbach and Oulman, stating that the financial information contained in the Form 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting.

38. The 10-K represented the following in relevant part concerning HeartMate II:

> The HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device consisting of a miniature rotary blood pump designed to provide intermediate and long-term MCS. The HeartMate II is designed to improve survival and quality of life and to provide five to ten years of circulatory support for a broad range of advanced HF patients. Significantly smaller than the HeartMate XVE and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices. Effective January 20, 2010, the HeartMate II can be used in patients with New York Heart Association Class IIIB and IV end-stage left ventricular failure who have received optimal medical therapy for at least forty-five of the last sixty days, and who are not candidates for cardiac transplantation.
>
> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, the HeartMate II received CE Mark approval, allowing for its commercial sale in Europe. In May 2009, the HeartMate II was approved in Canada.
>
> During the third quarter of 2009 we launched our new HeartMate external peripherals (Go Gear), including new batteries, charger and power module, which are designed to provide an enhanced quality of life for HeartMate patients by providing them more freedom and mobility and the ability to more easily resume many aspects of a normal lifestyle.

39. On May 3, 2011, the Company issued a press release reporting financial results for the first quarter ended April 2, 2011. Specifically, the Company reported net income of $16.5 million, or $0.27 diluted EPS and sales of $99.5 million, as compared to net income of $13.4 million, or $0.23 diluted EPS and sales of $99.3 million for the same period a year ago.

40. In the press release, the Company stated the following in relevant part:

> "Thoratec had a solid first quarter, highlighted by 13% sequential VAD unit growth in North America. We believe this performance reflects favorably on our market and center development activities and shows continued momentum in the DT market. We were

> particularly pleased with the contributions made by centers that have adopted HeartMate II since commercial approval," said Gary Burbach, president and chief executive officer. "Our international revenues declined 3% year-over-year on a constant currency basis, as we believe the broader market softened in the first quarter following robust growth in the fourth quarter of 2010."
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> The company said it ended the first quarter of 2011 with 265 HeartMate II centers globally, including 142 in North America and 123 internationally, versus 254 at the end of fiscal 2010. Ninety-four centers in North America have received CMS (Centers for Medicare and Medicaid Services) certification for DT reimbursement.
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> "There have been a number of important clinical education and market development events over the past four months, including our Thoratec Mechanical Circulatory Support Users' Conference and our largest summit for community cardiologists to date. In addition, there have been a number of data presentations at recent professional meetings that have continued to demonstrate the unrivaled clinical performance of the HeartMate II. Despite the challenging patient populations and broad base of centers in which HeartMate II has been studied, it has generated impressive survival outcomes and the lowest reported rates of catastrophic adverse events, including pump thrombosis and stroke."
>
> "We also realized some important milestones with our product pipeline during the first quarter, including the full commercial launch of our sealed inflow and outflow grafts for the HeartMate II. Feedback so far has been excellent, with clinicians commenting favorably on the grafts' ease of implant and potential to reduce peri-operative bleeding," Burbach added.

41. On May 5, 2011, the Company filed a quarterly report with the SEC on a Form 10-Q for the first quarter ended April 2, 2011 which was signed by Defendants Burbach and Oulman. In addition, the Form 10-Q contained certifications pursuant to SOX signed by Defendants Burbach and Oulman, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

42. The 10-Q represented the following in relevant part concerning HeartMate II:

> The HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device consisting of a miniature rotary blood pump designed to provide intermediate and long-term MCS. The HeartMate II is designed to improve survival and quality of life and to provide five to ten years of circulatory support for a broad range of advanced HF patients. Significantly smaller than the HeartMate XVE and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices. Effective January 20, 2010, the HeartMate II can be used in patients with New York Heart Association Class IIIB and IV end-stage left ventricular failure who have received optimal medical therapy for at least forty-five of the last sixty days, and who are not candidates for cardiac transplantation.

> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, the HeartMate II received CE Mark approval, allowing for its commercial sale in Europe. In May 2009, the HeartMate II was approved in Canada.
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> During the third quarter of 2009 we launched our new HeartMate external peripherals (GoGear), including new batteries, charger and power module, which are designed to provide an enhanced quality of life for HeartMate patients by providing them more freedom and mobility and the ability to more easily resume many aspects of a normal lifestyle.

43. On August 3, 2011, the Company issued a press release reporting financial results for the second quarter ended July 2, 2011. Specifically, the Company reported net income of $21.8 million, or $0.36 diluted EPS and sales of $111.2 million, as compared to net income of $17.5 million, or $0.29 diluted EPS and sales of $195.1 million for the same period a year ago.

44. In the press release, the Company stated the following in relevant part:

> "We had an excellent quarter with double digit revenue growth both year-over-year and sequentially, driven by the continued market penetration of the HeartMate II® LVAS (Left Ventricular Assist System) for Destination Therapy (DT)," said Gary F. Burbach, president and chief executive officer.
>
> "We were particularly pleased with HeartMate II unit growth of 21 percent in the U.S. and 20 percent internationally, demonstrating healthy underlying market trends and HeartMate II's strong competitive position. This growth is being fueled by the compelling long-term patient outcomes achieved with the device, as well as the impact of our programs to facilitate referral activity, support capacity expansion at existing centers, and foster VAD programs at new centers," he added.
>
> The company said it ended the second quarter of 2011 with 272 HeartMate II centers globally, including 135 in the U.S. and 137 internationally, versus a total of 254 centers, including 130 in the U.S. and 124 internationally, at the end of fiscal 2010. In addition, 99 centers in the U.S. have now received CMS (Centers for Medicare and Medicaid Services) certification for DT reimbursement, or an increase of nine versus the end of fiscal 2010.

45. On August 4, 2011, the Company filed a quarterly report with the SEC on a Form 10-Q for the second quarter ended July 2, 2011 which was signed by Defendants Burbach and Oulman. In addition, the Form 10-Q contained certifications pursuant to SOX signed by Defendants Burbach and

Oulman, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

46. The 10-Q represented the following in relevant part concerning HeartMate II:

> The HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device consisting of a rotary blood pump designed to provide intermediate and long-term MCS. The HeartMate II is designed to improve survival and quality of life for a broad range of advanced HF patients. Significantly smaller than previous ventricular assist devices and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices.
>
> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, the HeartMate II received CE Mark approval, allowing for its commercial sale in Europe. In May 2009, the HeartMate II was approved in Canada.
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> During the third quarter of 2009, we launched our new HeartMate external peripherals (GoGear), including new batteries, charger and power module, which are designed to provide an enhanced quality of life for HeartMate patients by providing them more freedom and mobility and the ability to more easily resume many aspects of a normal lifestyle.

47. On November 3, 2011, the Company issued a press release reporting financial results for the third quarter ended October 1, 2011. Specifically, the Company reported net income of $19 million, or $0.31 diluted EPS and sales of $102.6 million, as compared to net income of $15.5 million, or $0.26 diluted EPS and sales of $91 million for the same period a year ago.

48. In the press release, the Company stated the following in relevant part:

> "Thoratec "Thoratec had a solid third quarter, generating double-digit growth in pump unit sales year-over-year in both the U.S. and international markets. We continue to benefit from increased adoption of mechanical circulatory support, as well as the market leadership position of the HeartMate II® LVAS (Left Ventricular Assist System)," said Gary F. Burbach, president and chief executive officer of Thoratec.
>
> "We also experienced a strong quarter with respect to new center development, as we added eight HeartMate II centers globally, including six in the U.S. and two internationally. As of the end of the third quarter, we had 280 HeartMate II centers worldwide, including 141 in the U.S. and 139 internationally, versus a total of 254 at the end of fiscal 2010," he added.

> "Our continued growth is being facilitated by our market development and clinical education programs. In addition, the ongoing flow of data is demonstrating compelling long-term outcomes in HeartMate II patients, including data published recently in leading peer-reviewed journals," he said.
>
> One of the recent data publications, which appeared in the October edition of The Annals of Thoracic Surgery, compared outcomes from nearly 1,500 commercial bridge-to-transplantation (BTT) HeartMate II patients with those of nearly 500 patients who participated in the HeartMate II BTT clinical trial. The findings included Kaplan-Meier survival of 89 percent at six months and 85 percent at one year for commercial patients. In addition, commercial patients experienced declines in most adverse events versus patients in the trial, with catastrophic events such as device replacement and stroke occurring in just one percent and six percent of patients, respectively. "This dataset demonstrates excellent and improving outcomes for HeartMate II patients in a real-world setting among a broad range of implanting centers."

49. On November 7, 2011, the Company filed a quarterly report with the SEC on a Form 10-Q for the third quarter ended October 1, 2011 which was signed by Defendants Burbach and Harris. In addition, the Form 10-Q contained certifications pursuant to SOX signed by Defendants Burbach and Harris, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

50. The 10-Q represented the following in relevant part concerning HeartMate II:

> The HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device consisting of a rotary blood pump designed to provide intermediate and long-term MCS. The HeartMate II is designed to improve survival and quality of life for a broad range of advanced HF patients. Significantly smaller than previous ventricular assist devices and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices.
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> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, the HeartMate II received CE Mark approval, allowing for its commercial sale in Europe. In May 2009, the HeartMate II was approved in Canada.
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> During the third quarter of 2009, we launched our new HeartMate external peripherals (GoGear), including new batteries, charger and power module, which are designed to provide an enhanced quality of life for HeartMate patients by providing them more freedom and mobility and the ability to more easily resume many aspects of a normal lifestyle.

51. On February 8, 2012, after the market closed the Company issued a press release reporting financial results for the fourth quarter and year ended December 31, 2011. For the quarter, the Company reported net income of $15.3 million, or $0.25 diluted earnings per share ("EPS") and sales of $109.4 million, as compared to net income of $10.5 million, or $0.17 diluted EPS and sales of $97.6 million for the same period a year ago. For the year, the Company reported net income of $71.53 million, or $1.19 diluted EPS and sales of $422.7 million, as compared to net income of $53.2 million, or $0.89 diluted EPS and sales of $383 million for the same period a year ago.

52. In the press release, the Company stated the following in relevant part:

> "Thoratec had another excellent year in 2011, driven by strong adoption of HeartMate II® for the Destination Therapy indication. Our growth came primarily from utilization increases at existing VAD programs, driven largely by our investment in market development initiatives, but also from continued expansion of the therapy to new centers," said Gary F. Burbach, President and Chief Executive Officer.
>
> "Our fourth quarter performance was particularly encouraging, highlighted by mid-teens volume growth of HeartMate II in both the U.S. and our direct European markets," Burbach noted. "Internationally, HeartMate II had its best quarter in history, and in the U.S., we estimate that the Destination Therapy (DT) indication climbed to over 40% of HeartMate II implants, providing us with solid momentum as we enter 2012."

53. On February 21, 2012, the Company filed an annual report with the SEC on a Form 10-K for the year ended December 31, 2011 which was signed by, among others, Defendants Burbach and Oulman. In addition, the Form 10-K contained certifications pursuant to SOX signed by Defendants Burbach and Oulman, stating that the financial information contained in the Form 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting.

54. The 10-K represented the following in relevant part concerning HeartMate II:

> The HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device consisting of a rotary blood pump designed to provide intermediate and long-term MCS. The HeartMate II is designed to improve survival and quality of life for a broad range of advanced HF patients. Significantly smaller than the HeartMate XVE and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices.

> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, the HeartMate II received CE Mark approval, allowing for its commercial sale in Europe. In May 2009, the HeartMate II was approved in Canada.
>
> During the third quarter of 2009, we launched our new HeartMate external peripherals (GoGear), including new batteries, charger and power module, which are designed to provide an enhanced quality of life for HeartMate patients by providing them more freedom and mobility and the ability to more easily resume many aspects of a normal lifestyle.

THE TRUTH BEGINS TO EMERGE

55. On April 4, 2012, U.S. regulators ordered a recall for the company's HeartMate II heart pumps for a potentially deadly defect. In a regulatory posting by the Food and Drug Administration, it was stated that the recall, "was initiated after Thoratec found that a component of the implanted device, which pumps blood for heart failure patients, may sometimes be improperly attached to the HeartMate II."

56. In a note to investors, analyst Steven Lichtman, at Oppenheimer & Co in New York wrote that, "the positioning of the component, called a bend relief, has been a concern tied to an increase in blood clots seen with HeartMate II."

57. On the news, shares of Thoratec shares tumbled $1.52 or almost 4.5% to close at $32.83 on volume of 5,441,400 shares.

58. On May 1, 2012, the Company issued a press release reporting financial results for the first quarter ended March 31, 2012. Specifically, the Company reported net income of $25.5 million, or $0.43 diluted EPS and sales of $126.8 million, as compared to net income of $16.5 million, or $0.27 diluted EPS and sales of $99.5 million for the same period a year ago.

59. In the press release, the Company stated the following in relevant part:

> "Thoratec had an excellent first quarter, highlighted by strong growth across both the HeartMate II and CentriMag® product lines," said Gary Burbach, President and Chief Executive Officer. "Our HeartMate II performance was broad-based, with unit growth of

> 32% in both the U.S. and international markets. Internationally, France and Germany delivered robust results, and in the U.S., the Destination Therapy (DT) indication continued to drive the majority of our growth."
>
> "I am encouraged by the ongoing success of our market development initiatives," Burbach added. "In particular, we believe our first quarter results reflect continued progress in generating referrals of well-qualified candidates for HeartMate II therapy, as well as in facilitating program expansion across a broad group of centers, including the increasingly important open heart center segment."
>
> The company ended the first quarter of 2012 with 299 HeartMate II centers globally, including 154 in the U.S. and 145 internationally. In the U.S., there are now 109 centers with Joint Commission certification for DT reimbursement.
>
> Thoratec also commented on the initial results from the DT post-approval study, which show encouraging trends toward improvement since the clinical trial. These initial results were presented at the International Society for Heart and Lung Transplantation by Dr. Ulrich Jorde from Columbia University. The DT post-approval study includes the first 247 DT patients enrolled into INTERMACS from 61 U.S. centers following FDA approval. The study is still ongoing and will reach full two-year follow-up for all patients this Fall. One-year survival for these patients reached 75%, demonstrating continuing improvement relative to the published results from the pivotal trial cohort as well as the DT Continued Access Protocol (CAP). *In terms of critical adverse events, HeartMate II continued to demonstrate a low level of thromboembolic complications, while length of stay, bleeding, and infection are all showing favorable trends relative to the clinical trial.*
>
> *"HeartMate II continues to deliver excellent real-world clinical outcomes for patients with advanced heart failure, and we were excited to treat our 10,000th patient during the first quarter.* We look forward to building upon this important milestone by continuing to invest in both our market development activities as well as our innovative pipeline of new technologies," Burbach commented.
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> [Emphasis added.]

60. On May 8, 2012, the Company filed a quarterly report with the SEC on a Form 10-Q for the first quarter ended March 31, 2012 which was signed by Defendants Burbach and Oulman. In addition, the Form 10-Q contained certifications pursuant to SOX signed by Defendants Burbach and Oulman, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

61. The 10-Q represented the following in relevant part concerning HeartMate II:

> The HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device consisting of a rotary blood pump designed to provide intermediate and long-term MCS. The HeartMate II is designed to improve survival and quality of life for a broad range of advanced HF patients. Significantly smaller than the HeartMate XVE and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices.
>
> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, the HeartMate II received CE Mark approval, allowing for its commercial sale in Europe. In May 2009, the HeartMate II was approved in Canada.
>
> During the third quarter of 2009, we launched our new HeartMate external peripherals (GoGear), including new batteries, charger and power module, which are designed to provide an enhanced quality of life for HeartMate patients by providing them more freedom and mobility and the ability to more easily resume many aspects of a normal lifestyle.

62. On August 1, 2012, the Company issued a press release reporting financial results for the second quarter ended June 30, 2012. Specifically, the Company reported net income of $20.8 million, or $0.35 diluted EPS and sales of $118.7 million, as compared to net income of $21.8 million, or $0.36 diluted EPS and sales of $111.2 million for the same period a year ago.

63. In the press release, the Company stated the following in relevant part:

> "We achieved solid growth during the second quarter, driven by continued development of the Destination Therapy (DT) opportunity, and delivered the strongest six-month financial performance in the company's history," said Gary F. Burbach, President and Chief Executive Officer. "We were particularly pleased with HeartMate II unit growth of 13 percent during the second quarter and 22 percent for the first half of 2012, demonstrating healthy underlying market trends and HeartMate II's strong competitive position," he added.
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> "Based on the strength of our performance in the first half of the year, the underlying momentum in the VAD market, and our confidence in Thoratec's ongoing competitive position, we are increasing our revenue and earnings guidance for 2012," Burbach commented. "Looking forward, we remain focused on driving continued adoption of HeartMate II in the under-penetrated DT market through our range of market development initiatives, as well as on advancing our pipeline of exciting new technologies, with a goal of initiating pivotal trials for two major new product platforms, HeartMate III and HeartMate PHP, during 2013."

64. On August 2, 2012, the Company filed a quarterly report with the SEC on a Form 10-Q for the second quarter ended June 30, 2012 which was signed by Defendants Burbach and Oulman. In addition, the Form 10-Q contained certifications pursuant to SOX signed by Defendants Burbach and Oulman, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

65. The 10-Q represented the following in relevant part concerning HeartMate II:

> The HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device consisting of a rotary blood pump designed to provide intermediate and long-term MCS. The HeartMate II is designed to improve survival and quality of life for a broad range of advanced HF patients. Significantly smaller than previous ventricular assist devices and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices.
>
> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, the HeartMate II received CE Mark approval, allowing for its commercial sale in Europe. In May 2009, the HeartMate II was approved in Canada.

66. On November 1, 2012, the Company issued a press release reporting financial results for the third quarter ended September 29, 2012. Specifically, the Company reported net income of $24.3 million, or $0.41 diluted EPS and sales of $117.8 million, as compared to net income of $18 million, or $0.30 diluted EPS and sales of $102.6 million for the same period a year ago.

67. In the press release, the Company stated the following in relevant part:

> "Thoratec delivered excellent results during the third quarter, demonstrating continued momentum in the global VAD market as well as HeartMate II's strong competitive position," said Gary F. Burbach, President and Chief Executive Officer. "HeartMate II unit volume expanded by 27% during the third quarter and 23% for the first nine months of the year, driven by the U.S. Destination Therapy indication and healthy underlying trends in international markets," he added.
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> "I am highly encouraged by the outlook for the investments we are making in both market development and product development," Burbach commented. "Our market development efforts continue to drive strong performance in our HeartMate II product line, and with respect to our product development portfolio, we remain on track to

> initiate pivotal clinical trials for both HeartMate III and HeartMate PHP™ during 2013."

68. On November 2, 2012, the Company filed a quarterly report with the SEC on a Form 10-Q for the third quarter ended September 29, 2012 which was signed by Defendants Burbach and Harris. In addition, the Form 10-Q contained certifications pursuant to SOX signed by Defendants Burbach and Harris, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

69. The 10-Q represented the following in relevant part concerning HeartMate II:

> The HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device consisting of a rotary blood pump designed to provide intermediate and long-term MCS. The HeartMate II is designed to improve survival and quality of life for a broad range of advanced HF patients. Significantly smaller than previous ventricular assist devices and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices.
>
> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, the HeartMate II received CE Mark approval, allowing for its commercial sale in Europe. In May 2009, the HeartMate II was approved in Canada.

70. On February 5, 2013, the Company issued a press release reporting financial results for the fourth quarter and year ended December 29, 2012. For the quarter, the Company reported net loss of $14.4 million, or ($0.25) diluted EPS and sales of $128.5 million, as compared to net income of $15.3 million, or $0.25 diluted EPS and sales of $109.4 million for the same period a year ago. For the year, the Company reported net income of $56.2 million, or $0.94 diluted EPS and sales of $491.7 million, as compared to net income of $71.5 million, or $1.19 diluted EPS and sales of $422.7 million for the same period a year ago.

71. In the press release, the Company stated the following in relevant part:

> "Thoratec had an impressive year in 2012, with sales growth of 16 percent driven by our HeartMate II® and CentriMag® product lines, highlighting our leadership positions in chronic and acute mechanical circulatory support," said Gary F. Burbach, President and Chief Executive Officer. "We were particularly pleased to finish the year with strong

> fourth quarter results, including 20 percent unit growth for HeartMate II on a worldwide basis, reflecting continued adoption in the U.S. Destination Therapy indication as well as in international markets."

72. On February 20, 2013, the Company filed an annual report with the SEC on a Form 10-K for the year ended December 29, 2012 which was signed by, among others, Defendants Burbach and Harris. In addition, the Form 10-K contained certifications pursuant to SOX signed by Defendants Burbach and Harris, stating that the financial information contained in the Form 10-K was accurate and disclosed any material changes to the Company's internal control over financial reporting.

73. The 10-K represented the following in relevant part concerning HeartMate II:

> HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device ("LVAD") consisting of a rotary blood pump designed to provide intermediate and long-term MCS. HeartMate II is designed to improve survival and quality of life for a broad range of advanced HF patients. Significantly smaller than HeartMate XVE and with only one moving part, HeartMate II is simpler and designed to operate more quietly than pulsatile devices.
>
> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, HeartMate II received CE Mark approval. HeartMate II is the most widely used and standard LVAD.
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> On January 20, 2010, we received approval to market HeartMate II for DT in patients with New York Heart Association Class III B and IV end-stage left ventricular failure who have received optimal medical therapy for at least forty-five of the last sixty days, and who are not candidates for cardiac transplantation. In 2012, we completed the FDA-required post-market study of 247 patients who received the HeartMate II for DT.

74. On May 2, 2013, the Company issued a press release reporting financial results for the first quarter ended March 30, 2013. Specifically, the Company reported net income of $18.2 million, or $0.31 diluted EPS and sales of $117.7 million, as compared to net income of $25.5 million, or $0.43 diluted EPS and sales of $126.8 million for the same period a year ago.

75. On May 3, 2013, the Company filed a quarterly report with the SEC on a Form 10-Q for the first quarter ended March 30, 2013 which was signed by Defendants Burbach and Oulman. In

addition, the Form 10-Q contained certifications pursuant to SOX signed by Defendants Burbach and Harris, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

76. The 10-Q represented the following in relevant part concerning HeartMate II:

> HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device ("LVAD") consisting of a rotary blood pump designed to provide intermediate and long-term MCS. HeartMate II is designed to improve survival and quality of life for a broad range of advanced HF patients. Significantly smaller than previous ventricular assist devices and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices.
>
> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, HeartMate II received CE Mark approval. The HeartMate II is the most widely used LVAD.

77. On July 31, 2013, the Company issued a press release reporting financial results for the second quarter ended June 29, 2013. Specifically, the Company reported net income of $23.2 million, or $0.40 diluted EPS and sales of $130.5 million, as compared to net income of $20.8 million, or $0.35 diluted EPS and sales of $118.7 million for the same period a year ago.

78. In the press release, the Company stated the following in relevant part:

> "Thoratec delivered strong results during the second quarter, supported by our leadership positions with HeartMate II® and CentriMag®, as well as our intense focus on driving continued growth in the global MCS market," said Gary F. Burbach, President and Chief Executive Officer. "HeartMate II unit volume increased by nine percent on a global basis, highlighted by sequential growth in the U.S. market and robust growth internationally, driven in part by our successful initial launch in Japan," he added.
>
> ***
>
> "We recently celebrated the 15,000th implant of HeartMate II, a significant milestone for Thoratec, the broader field of mechanical circulatory support, and the patients that we serve," Burbach commented. "HeartMate II has set a new standard for clinical performance and has facilitated broader adoption of VAD therapy. We remain committed to continuing to drive the field forward through our significant investments in market and product development."

79. On August 1, 2013, the Company filed a quarterly report with the SEC on a Form 10-Q for the second quarter ended June 29, 2013 which was signed by Defendants Burbach and Harris. In addition, the Form 10-Q contained certifications pursuant to SOX signed by Defendants Burbach and Harris, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

80. The 10-Q represented the following in relevant part concerning HeartMate II:

> HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device ("LVAD") consisting of a rotary blood pump designed to provide intermediate and long-term MCS. HeartMate II is designed to improve survival and quality of life for a broad range of advanced HF patients. Significantly smaller than previous ventricular assist devices and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices.
>
> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, HeartMate II received CE Mark approval. The HeartMate II is the most widely used LVAD.

81. On October 30, 2013, the Company issued a press release reporting financial results for the third quarter ended September 28, 2013. Specifically, the Company reported net income of $18.9 million, or $0.32 diluted EPS and sales of $126.4 million, as compared to net income of $24.3 million, or $0.41 diluted EPS and sales of $117.8 million for the same period a year ago.

82. In the press release, the Company stated the following in relevant part:

> "Thoratec generated strong results during the third quarter, highlighted by continued growth in our HeartMate II® and CentriMag® product lines," said Gary F. Burbach, President and Chief Executive Officer. "We continue to drive expansion of the worldwide market for MCS therapy and delivered international revenue growth of 32% during the quarter," he added.

83. On October 31, 2013, the Company filed a quarterly report with the SEC on a Form 10-Q for the third quarter ended September 28, 2013 which was signed by Defendants Burbach and Harris. In addition, the Form 10-Q contained certifications pursuant to SOX signed by Defendants Burbach and

Harris, stating that the financial information contained in the Form 10-Q was accurate and disclosed any material changes to the Company's internal control over financial reporting.

84. The 10-Q represented the following in relevant part concerning HeartMate II:

> HeartMate II is an implantable, electrically powered, continuous flow, left ventricular assist device ("LVAD") consisting of a rotary blood pump designed to provide intermediate and long-term MCS. HeartMate II is designed to improve survival and quality of life for a broad range of advanced HF patients. Significantly smaller than previous ventricular assist devices and with only one moving part, the HeartMate II is simpler and designed to operate more quietly than pulsatile devices.
>
> HeartMate II received FDA approval in April 2008 for bridge-to-transplantation ("BTT") and received FDA approval for use in HF patients who are not eligible for heart transplantation ("Destination Therapy" or "DT") in January 2010. In November 2005, HeartMate II received CE Mark approval. The HeartMate II is the most widely used LVAD.

85. The statements referenced in ¶¶ 23-54, and 58-84 above were materially false and/or misleading because they misrepresented and/or failed to disclose that the Company's HeartMate II Left Ventricular Assist Device had significant risk of pump thrombosis.

86. Defendants' attempts to further mislead investors regarding the safety of the HeartMate II came to an abrupt end, when on November 27, 2013, after the market closed, the New England Journal of Medicine published an article describing the high incidence of adverse events associated with Thoratec's HeartMate II. The article disclosed the following in relevant part:

> <u>Background</u>
>
> We observed an apparent increase in the rate of device thrombosis among patients who received the HeartMate II left ventricular assist device, as compared with preapproval clinical-trial results and initial experience. We investigated the occurrence of pump thrombosis and elevated lactate dehydrogenase (LDH) levels, LDH levels presaging thrombosis (and associated hemolysis), and outcomes of different management strategies in a multi-institutional study.
>
> <u>Methods</u>
>
> We obtained data from 837 patients at three institutions, where 895 devices were implanted from 2004 through mid-2013; the mean (±SD) age of the patients was 55±14 years. The primary end point was confirmed pump thrombosis. Secondary end points

were confirmed and suspected thrombosis, longitudinal LDH levels, and outcomes after pump thrombosis.

Results

A total of 72 pump thromboses were confirmed in 66 patients; an additional 36 thromboses in unique devices were suspected. Starting in approximately March 2011, the occurrence of confirmed pump thrombosis at 3 months after implantation increased from 2.2% (95% confidence interval [CI], 1.5 to 3.4) to 8.4% (95% CI, 5.0 to 13.9) by January 1, 2013. Before March 1, 2011, the median time from implantation to thrombosis was 18.6 months (95% CI, 0.5 to 52.7), and from March 2011 onward, it was 2.7 months (95% CI, 0.0 to 18.6). The occurrence of elevated LDH levels within 3 months after implantation mirrored that of thrombosis. Thrombosis was presaged by LDH levels that more than doubled, from 540 IU per liter to 1490 IU per liter, within the weeks before diagnosis. Thrombosis was managed by heart transplantation in 11 patients (1 patient died 31 days after transplantation) and by pump replacement in 21, with mortality equivalent to that among patients without thrombosis; among 40 thromboses in 40 patients who did not undergo transplantation or pump replacement, actuarial mortality was 48.2% (95% CI, 31.6 to 65.2) in the ensuing 6 months after pump thrombosis.

Conclusions

The rate of pump thrombosis related to the use of the HeartMate II has been increasing at our centers and is associated with substantial morbidity and mortality.

87. On this news, Thoratec shares declined $2.75 per share or 6.5%, to close at $39.37 per share on November 29, 2013.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

88. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a Class, consisting of all those who purchased or otherwise acquired Thoratec securities during the Class Period (the "Class"); and were damaged thereby. Excluded from the Class are defendants herein, the officers and directors of the Company, at all relevant times, members of their immediate families and their legal representatives, heirs, successors or assigns and any entity in which defendants have or had a controlling interest.

89. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, Thoratec securities were actively traded on the NASDAQ. While the

exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds or thousands of members in the proposed Class. Record owners and other members of the Class may be identified from records maintained by Thoratec or its transfer agent and may be notified of the pendency of this action by mail, using the form of notice similar to that customarily used in securities class actions.

90. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by defendants' wrongful conduct in violation of federal law that is complained of herein.

91. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

92. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the federal securities laws were violated by defendants' acts as alleged herein;
- whether statements made by defendants to the investing public during the Class Period misrepresented material facts about the business, operations and management of Thoratec;
- whether the Individual Defendants caused Thoratec to issue false and misleading financial statements during the Class Period;
- whether defendants acted knowingly or recklessly in issuing false and misleading financial statements;
- whether the prices of Thoratec securities during the Class Period were artificially inflated because of the defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

93. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

94. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- defendants made public misrepresentations or failed to disclose material facts during the Class Period;
- the omissions and misrepresentations were material;
- Thoratec securities are traded in efficient markets;
- the Company's shares were liquid and traded with moderate to heavy volume during the Class Period;
- the Company traded on the NASDAQ, and was covered by multiple analysts;
- the misrepresentations and omissions alleged would tend to induce a reasonable investor to misjudge the value of the Company's securities; and
- Plaintiff and members of the Class purchased and/or sold Thoratec securities between the time the defendants failed to disclose or misrepresented material facts and the time the true facts were disclosed, without knowledge of the omitted or misrepresented facts.

95. Based upon the foregoing, Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

COUNT I

(Against All Defendants for Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder)

96. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

97. This Count is asserted against defendants and is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

98. During the Class Period, defendants engaged in a plan, scheme, conspiracy and course of conduct, pursuant to which they knowingly or recklessly engaged in acts, transactions, practices and courses of business which operated as a fraud and deceit upon Plaintiff and the other members of the Class; made various untrue statements of material facts and omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and employed devices, schemes and artifices to defraud in connection with the purchase and sale of securities. Such scheme was intended to, and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiff and other Class members, as alleged herein; (ii) artificially inflate and maintain the market price of Thoratec securities; and (iii) cause Plaintiff and other members of the Class to purchase Thoratec securities at artificially inflated prices. In furtherance of this unlawful scheme, plan and course of conduct, defendants, and each of them, took the actions set forth herein.

99. Pursuant to the above plan, scheme, conspiracy and course of conduct, each of the defendants participated directly or indirectly in the preparation and/or issuance of the quarterly and annual reports, SEC filings, press releases and other statements and documents described above, including statements made to securities analysts and the media that were designed to influence the market for Thoratec securities and options. Such reports, filings, releases and statements were materially false and misleading in that they failed to disclose material adverse information and misrepresented the truth about Thoratec's finances and business prospects.

100. By virtue of their positions at Thoratec, defendants had actual knowledge of the materially false and misleading statements and material omissions alleged herein and intended thereby to deceive Plaintiff and the other members of the Class, or, in the alternative, defendants acted with reckless disregard for the truth in that they failed or refused to ascertain and disclose such facts as would reveal

the materially false and misleading nature of the statements made, although such facts were readily available to defendants. Said acts and omissions of defendants were committed willfully or with reckless disregard for the truth. In addition, each defendant knew or recklessly disregarded that material facts were being misrepresented or omitted as described above.

101. Information showing that defendants acted knowingly or with reckless disregard for the truth is peculiarly within defendants' knowledge and control. As the senior managers and/or directors of Thoratec, the Individual Defendants had knowledge of the details of Thoratec's internal affairs.

102. The Individual Defendants are liable both directly and indirectly for the wrongs complained of herein. Because of their positions of control and authority, the Individual Defendants were able to and did, directly or indirectly, control the content of the statements of Thoratec. As officers and/or directors of a publicly-held company, the Individual Defendants had a duty to disseminate timely, accurate, and truthful information with respect to Thoratec's businesses, operations, future financial condition and future prospects. As a result of the dissemination of the aforementioned false and misleading reports, releases and public statements, the market price of Thoratec securities was artificially inflated throughout the Class Period. In ignorance of the adverse facts concerning Thoratec's business and financial condition which were concealed by defendants, Plaintiff and the other members of the Class purchased Thoratec securities at artificially inflated prices and relied upon the price of the securities, the integrity of the market for the securities and/or upon statements disseminated by defendants, and were damaged thereby.

103. During the Class Period, Thoratec securities were traded on an active and efficient market. Plaintiff and the other members of the Class, relying on the materially false and misleading statements described herein, which the defendants made, issued or caused to be disseminated, or relying upon the integrity of the market, purchased shares of Thoratec securities at prices artificially inflated by defendants' wrongful conduct. Had Plaintiff and the other members of the Class known the truth, they

would not have purchased said securities or would not have purchased them at the inflated prices that were paid. At the time of the purchases by Plaintiff and the Class, the true value of Thoratec securities were substantially lower than the prices paid by Plaintiff and the other members of the Class. The market price of Thoratec securities declined sharply upon public disclosure of the facts alleged herein to the injury of Plaintiff and Class members.

104. By reason of the conduct alleged herein, defendants knowingly or recklessly, directly or indirectly, have violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

105. As a direct and proximate result of defendants' wrongful conduct, Plaintiff and the other members of the Class suffered damages in connection with their respective purchases and sales of the Company's securities during the Class Period, upon the disclosure that the Company had disseminated false financial statements to the investing public related to its prospects for FDA approval.

COUNT II

(Violations of Section 20(a) of the Exchange Act Against The Individual Defendants)

106. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

107. During the Class Period, the Individual Defendants participated in the operation and management of Thoratec, and conducted and participated, directly and indirectly, in the conduct of Thoratec's business affairs. Because of their senior positions, they knew the adverse non-public information regarding Thoratec..

108. As officers and/or directors of a publicly owned company, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to Thoratec's financial condition and results of operations, and to correct promptly any public statements issued by Thoratec which had become materially false or misleading.

109. Because of their positions of control and authority as senior officers, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which Thoratec disseminated in the marketplace during the Class Period concerning Thoratec's financial prospects. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause Thoratec to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of Thoratec within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Thoratec securities.

110. Each of the Individual Defendants, therefore, acted as a controlling person of Thoratec. By reason of their senior management positions and/or being directors of Thoratec, each of the Individual Defendants had the power to direct the actions of, and exercised the same to cause, Thoratec to engage in the unlawful acts and conduct complained of herein. Each of the Individual Defendants exercised control over the general operations of Thoratec and possessed the power to control the specific activities which comprise the primary violations about which Plaintiff and the other members of the Class complain.

111. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by Thoratec.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff demands judgment against defendants as follows:

A. Determining that the instant action may be maintained as a class action under Rule 23 of the Federal Rules of Civil Procedure, and certifying Plaintiff as the Class representative;

B. Requiring defendants to pay damages sustained by Plaintiff and the Class by reason of the acts and transactions alleged herein;

C. Awarding Plaintiff and the other members of the Class prejudgment and post-judgment interest, as well as their reasonable attorneys' fees, expert fees and other costs; and

D. Awarding such other and further relief as this Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiff hereby demands a trial by jury.

Dated: January 24, 2014

GLANCY BINKOW & GOLDBERG LLP

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Counsel for Plaintiff

CERTIFICATION PURSUANT
TO FEDERAL SECURITIES LAWS

1. I, Bradley Cooper, make this declaration pursuant to Section 27(a)(2) of the Securities Act of 1933 ("Securities Act") and/or Section 21D(a)(2) of the Securities Exchange Act of 1934 ("Exchange Act") as amended by the Private Securities Litigation Reform Act of 1995.

2. I have reviewed a Complaint against Thoratec Corporation. ("Thoratec" or the "Company"), and authorize the filing of a comparable complaint on my behalf.

3. I did not purchase or acquire Thoratec securities at the direction of plaintiffs counsel or in order to participate in any private action arising under the Securities Act or Exchange Act.

4. I am willing to serve as a representative party on behalf of a Class of investors who purchased or acquired Thoratec securities during the class period, including providing testimony at deposition and trial, if necessary. I understand that the Court has the authority to select the most adequate lead plaintiff in this action.

5. To the best of my current knowledge, the attached sheet lists all of my transactions in Thoratec securities during the Class Period as specified in the Complaint.

6. During the three-year period preceding the date on which this Certification is signed, I have not sought to serve as a representative party on behalf of a class under the federal securities laws.

7. I agree not to accept any payment for serving as a representative party on behalf of the class as set forth in the Complaint, beyond my pro rata share of any recovery, except such reasonable costs and expenses directly relating to the representation of the class as ordered or approved by the Court.

8. I declare under penalty of perjury that the foregoing is true and correct.

Executed 1/22/14
(Date)


(Signature)

Bradley Cooper
(Type or Print Name)

SUMMARY OF PURCHASES AND SALES

DATE	PURCHASE OR SALE	NUMBER OF SHARES	PRICE PER SHARE
7/27/10	Purchase	200	44.29
7/28/10	purchase	30	42.80
7/15/13	sale	230	31.21